



CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

2 MAR 1976

The Honorable Robert Ellsworth
The Deputy Secretary of Defense
Washington, D. C. 20301

Dear Bob:

Thank you for your letter of 26 February about CIA's research on the costs and burden of Soviet defense activities. I have been impressed with the importance of this kind of work since becoming Director. Your letter re-enforces my feeling on this matter.

I fully concur in your views about the need to inform our customers about the results of this research in ways that provide maximum confidence in their objectivity and their independence of political motivation. The best way to foster this confidence is to be sure that our findings deserve this kind of acceptance. They must be based on the best available evidence and analytical methods, and the uncertainties involved must be explained objectively and as openly as possible. I agree that we should focus more attention on how to convey the necessary credibility not only to the national security community but also to the Congress and the public.

Ed Proctor and I have discussed the current work on our new estimate of the burden of Soviet defense activities, including the projects discussed with Andy Marshall and people from his Office of Net Assessment. Ed tells me that we do need more resources on this work, and I have asked him to outline his requirements. Obviously, any sizeable increase in effort cannot be accomplished over night, but I assure you that it will have a very high priority.



With regard to your suggestion to create a small group of experts on this subject, Ed tells me that he already has a Panel of academic and industrial experts. I am enclosing a list of the members of the Military-Economic Advisory Panel and copies of two of its reports. You will note that in its reports the Panel expresses some of the same concerns you have raised. Complete documentation of methods and procedures, for example, was high on its list of priority projects and work is now under way on this. Ed knows Professors Laffer and Dam and would be pleased to have either or both of them join the Panel.

Lastly, Bob, I have a problem with your suggestion that the "group of experts" report to the CFI. I do not believe that matters of this type should be under the CFI. They are more properly the responsibility of the DCI because they are so much a part of the production of intelligence. We could discuss this at the next CFI meeting if you think it would be useful.

Sincerely,



George Bush
Director

Enclosures:

List of Members of Military-Economic Advisory Panel
First Report--Military Economic Review Panel, dated
1 July 1974

Second Report--Military-Economic Advisory Panel,
dated 22 January 1976

Cy - William Hyland / Dugley, a/cst to Pres.

Letter to the Honorable Robert Ellsworth
From the Director
Re: Soviet Defense Activities

ATINTL

CONCUR:
Deputy Director for Intelligence

1 MAR 1976
Date

EWProctor:fbr (1 March 1976)

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D. C.

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Bill:

The attached letter is in response to Bob Ellsworth's
to me- the one I showed you.

Please note the last paragraph.

Warm Regards,

ayj

3-2-76

S-12.3

MILITARY-ECONOMIC ADVISORY PANEL

Dr. Herbert S. Levine, Chairman
University of Pennsylvania

Dr. Levine is Professor of Economics with the University of Pennsylvania. He has been a leading expert in the field of Soviet economics for over 20 years.

Dr. Abraham S. Becker
The RAND Corporation

Dr. Becker is Chairman of the Economic Department at the RAND Corporation. He is recognized as a leading specialist in Soviet national income.

Dr. Holland Hunter
Haverford College

Dr. Hunter is Chairman of the Economics Department at Haverford College. He has been a specialist in the Soviet economy for over 25 years and is a recognized expert in the field.

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Mr. [redacted]

Mr. [redacted] retired from the Agency last year. The last position he held was [redacted]

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Mr. [redacted] value to the Panel stems from his experience in military and military-economic analysis, his familiarity with the community, and his knowledge of the consumers of the intelligence product.

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Dr. K. Wayne Smith
Dart Industries

Dr. Smith is a Vice President of Dart Industries, Inc. His past experience in the Department of Defense and the NSC Staff enables him to provide input to the Panel on consumer needs in the field of estimates on Soviet military-economic programs.

Dr. Stanley I. Weiss
Lockheed Missle & Space Company, Inc.

Dr. Weiss is Vice President and Assistant General Manager, Engineering and Development, Space Systems Division at Lockheed. He is responsible for development and engineering, including space programs and technical products for DoD, NASA, and aerospace prime contractors.

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